



STAFF REPORT INFORMATION ONLY

Auditor General's Response to External Audit of the City's Auditor General's Office

Date:	May 31, 2007
To:	Audit Committee
From:	Jeffrey Griffiths, Auditor General
Wards:	All
Reference Number:	

SUMMARY

The report dated May 25, 2007 submitted by the accounting firm of Hilborn Ellis Grant LLP outlines the scope of the work conducted in connection with the external audit of the Auditor General's compliance with corporate policies.

In reviewing the Auditor General's compliance with these policies Hilborn Ellis Grant LLP found that the Auditor General was in compliance with all policies except the one relating to "Long Distance charges".

The Auditor General's Office has implemented its own internal procedures which in our view mitigate any risk in relation to the reimbursement of personal long distance charges.

FINANCIAL IMPACT

There are no financial implications associated with this report.

DECISION HISTORY

Section 169-30.5 of the Municipal Code requires that an annual external audit of the Auditor General's Office be performed.

In accordance with this requirement, City Council at its April 2005 meeting approved the awarding of a contract to Hilborn, Ellis Grant LLP for the external audit of the Auditor General's Office.

ISSUE BACKGROUND

Conducting an audit of the Auditor General's Office became a requirement with the adoption of the new audit framework for the City in November 2002. The objective of this annual audit is to provide Audit Committee and Council assurance that the Auditor General's Office is carrying out its operations in compliance with City policies and procedures.

COMMENTS

The external auditor's report pertaining to their review of the Auditor General's Office operations for the year ended December 31, 2006 is attached.

The external auditors found no exceptions except in the case of adherence to the City's long distance telephone policy where the periodic review of long distance charges was not performed by the Auditor General's Office.

Our response to the issue of non-compliance is as follows:

(1) Cellular Phones

The Auditor General's Office has two conventional cell phones and two blackberries. Cell phone bills are requested from management by the Auditor General's Office throughout the year. In spite of a significant number of requests we have not received cell phone bills since June 2006. We have been advised by management that "some staffing issues prevented us from keeping up with regular distributions. We are working on a plan to catch up those 2006 reports and get the 2007 to-date out".

The normal practice of the Auditor General's Office is to review cell phone bills and if there are personal calls they are immediately reimbursed. In any event, personal phone calls are kept to a minimum. In 2005 for example, the total reimbursement was \$40.

(2) Landline Phones

Management is not able to provide ongoing telephone billing information, although we have been advised that certain billing information is available online through the Bell Canada website. Despite our ongoing requests for billing reports, senior staff in my office were not made aware of this capability and as a result the online access was not utilized.

It is our understanding that there are other Divisions in the City who do not utilize this facility. For example, we have had discussions with the Integrity Commissioner who has also experienced difficulties in obtaining telephone billing information.

In any event, our process to address the review of telephone expenses has been as follows:

- (1) In 2005 the Office Supervisor in the Auditor General's Office submitted a reminder and directive to all staff that City telephones were not to be used for personal calls. Any personal calls were to be made through the use of a calling card. A copy of this directive was sent to Hilborn Ellis Grant.
- (2) Telephone expenses are reviewed analytically to ensure that billings are consistent on a month to month basis. Any unusual variances are investigated.

We understand that implementation of a Telecommunication Expense Management System is expected to be implemented by July 2007. It is also our understanding that when fully implemented, both cell phone and landline phone usage reports will be regularly available to users.

CONTACT

Jeffrey Griffiths, Auditor General, Tel: (416) 392-8461, Fax: (416)392-3754
E-mail: Jeff.Griffiths@toronto.ca

Jeffrey Griffiths, Auditor General
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